

GROWING A BUSINESS

STRATEGIES FOR BUSINESS EXPANSION

By Wirt M. Cook



Bob Borochoff's restaurant survived hard times by branching out to include catering services. Whatever shape the economy's in, diversification is a sure way to boost profits.

ABOVE AND BEYOND

Faced with a Texas-twister-sized economic slump in the late 1980s, Houston restaurateur Bob Borochoff committed himself to a strategy that flew in the face of conventional wis-

dom. Instead of retrenching, he diversified.

"One of my first reactions was to cut expenses," Borochoff explains. "Everyone in town was doing this. But you reach a point where there's not much else to cut."

In a series of transactions,

Borochoff's company, Epic Restaurants Inc., bought and sold eight restaurants before settling on The Boston Sea Party in December 1988. By that time, Borochoff had already branched out, starting Epic Catering and Epic Special Events, which produces outdoor special events, such as concerts and festivals, in 1985.

"We were being asked to cater a lot of charity events. When the economy dried up, it became harder to get fund-raising dollars," Borochoff explains. "So a lot of organizations started throwing parties to solicit funds. That's where we came in."

In 1987, his company's sales were about \$1 million, with 50 percent from the catering and special events divisions alone. By last year, he had added four trucks, a warehouse and several staff members, and sales had quintupled. "Epic Catering and Epic Special Events really took off," says Borochoff. And while five years ago, he was working in the kitchens himself to hold down overhead, Borochoff now says, "I seldom have time to do anything more than walk through."

Diversification was the key to survival for Borochoff's business—and it's his recipe for success, even during recession.

It's a strategy large companies have long understood. Now small businesses are finding they profit by using many of the same techniques.

An October 1990 study in the *Journal of Small Business Management*, a magazine published by the West Virginia Bureau of Business Research, revealed the vast majority of small and medium-sized businesses decided to diversify to grow or achieve greater financial security.

In most cases, according to the study, the owners embarked on the diversification themselves rather than acquiring an existing company or product line from the outside, which is often the preferred means of diver-